



## Customer Analytics Sheds New Light on Airline Loyalty Programs

### Business Situation

One of the world's leading Global Distribution System (GDS) companies, with operations in 160 countries and revenue over \$2 billion, grew primarily through mergers and acquisitions. However, the company faced external competitive pressures as competitors and airlines soared ahead in the market. While competitors evaluated market needs, airlines narrowed the scope of inventory available to GDS companies and travel agencies in order to increase their own revenues and customer satisfaction.

### Challenge

Could airlines incorporate predictive analytics and like retailers successfully deliver specific offers to customers based on their buying habits? As airlines unbundled their services, they increased their available assortment to sell, similar to some retailers. This had the travel and airline industries searching for ways to become more customer-centric. To that end, the GDS company wanted to explore a new tool that would allow it to deliver relevant offers and services to travelers at any point in their journeys, a process known as customer value optimization (CVO).

### Solution

To test out the feasibility of its CVO concept, the GDS sought the assistance of a technical and analytic services provider. Our Travel and Hospitality practice was chosen after presenting an innovative concept that married retail, travel and advanced analytics in a way that enabled the GDS to achieve its customer-centric business goals. Furthermore, our industry expertise and customer-centricity in retail and other verticals inspired confidence with the GDS's executives.

While airlines simply used a customer's frequent flier status to determine that person's profile, we worked together with the GDS to create a segmentation model that grouped customers based on their values and behaviors in a new and unique way. Moreover, to orchestrate the GDS's interaction with its customers, we proposed a combined predictive analytic and adaptive business-rules engine solution that allowed for continuous learning instead of the hard-coded "if-then" scenarios used by competitors. This unique feature would strengthen the GDS's relationship with airlines by delivering targeted customers, allowing airlines to market the right offer to the right traveler at the right time, increasing sales and customer satisfaction.

## Benefits

While the GDS appreciated our innovative thinking, it opted not to embrace this customer segmentation model. It particularly liked:

- Our cutting-edge approach to customer loyalty programs.
- The ability to target which offers displayed through the CVO most resonated with customers.
- A projected lower capital investment requirement for system implementation through automation of the entire analytics process.

The work completed led to our selection for another strategic initiative.

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